

Council Business Meeting

December 21, 2021

Agenda Item	Executive Automobile Allowance Discussion	
From	Gary Milliman	City Manager Pro Tem
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SUMMARY

The City Council has frequently discussed the Executive Automobile Allowance provided to the City's seven department managers and City Manager and the future of this allowance should be resolved as it is included in the advertised compensation during recruitment, and department managers need to consider the impacts of changing the manner in which they will be provided transportation while conducting City business.

POLICIES, PLANS & GOALS SUPPORTED

All members of the Management Team are provided with an automobile or automobile allowance as a matter of compensation equity. This policy also provides a reduction in the City's Fleet resource requirements and associated fuel and vehicle maintenance expenses, which aligns with CEAP goals.

PREVIOUS COUNCIL ACTION

When the Executive Automobile Allowance first originated is unclear. However, the amounts have not changed in the last ten years. The City Council approves all Executive management contracts at the time of hire. The Executive Automobile Allowance is the only benefit provided by the City to Executive Management that is not available to all other managers.

BACKGROUND AND ADDITIONAL INFORMATION

The City provides vehicles for business use to our two public safety chiefs due to the unique emergency response equipment needs. As the cost of purchasing and maintaining vehicles has increased over time, many entities have shifted the burden to employees to the extent possible by offering a fair, fixed automobile allowance. The monthly allowance is treated as taxable income for the recipient and is relatively common in the public sector for several reasons:

- It provides a reduction in the time spent tracking and reimbursing mileage for short trips and the time spent processing internal reimbursement checks through A/P.
- It provides a slight reduction in parking burden in or around the downtown. (Employees are not allowed to park in the downtown corridor to ensure parking is available for visitors and businesses). If several departments shared a City vehicle or vehicles, employees would still drive their vehicles to work, and the shared vehicle would have to be parked in a common area leading to additional parking spots occupied by the City downtown where parking is already in short supply.

- A fixed reimbursement does not fluctuate like the IRS mileage reimbursement rate and is easier to administer.
- It reduces risk exposure for the City by requiring the allowance recipient to be responsible for their vehicle insurance and maintenance.

All employees are responsible for their transportation to work, but owning a car is not a job requirement for most City positions. Owning a car is an expectation for City executives receiving the allowance to ensure they have a vehicle available for business use. In non-pandemic times, managers frequently travel for meetings in town, inspect properties, and attend meetings in the region.

FISCAL IMPACTS

Current Automobile Allowances are as follows:

- City Manager – Vacant (Normally \$400/month)
- City Attorney - \$400/month
- Parks & Recreation Director – \$400/month
- Community Development Director – \$350/month
- Public Works Director - \$350/month
- Finance Director – Vacant (Normally \$350/month)
- Human Resources Director - \$350/month
- Electric Utility Director - \$350/month
- Police Chief – City Vehicle provided with equipment
- Fire Chief – City Vehicle provided with equipment

If all City positions were filled, the total annual expense for Executive Automobile Allowances would be \$31,200, which is significantly less than purchasing, insuring, fueling, and maintaining even one vehicle to be shared and used by eight managers. However, it would be impractical for the entire management team to share one car.

The IRS Mileage reimbursement rate is currently \$.56/mile, intended to cover the prorated cost of insurance, maintenance, and fuel for the miles traveled. The Executive Automobile Allowance is also designed to cover the same expenses more cost-effectively and in a manner that is easier for the City to administer.

STAFF RECOMMENDATION

Retain the current method of providing compensation to management employees for the use of their personal vehicles for City business.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

- I move to cease further discussion and consideration regarding the Executive Automobile Allowance.

- I move to amend the employment agreements for Executive Managers as they are up for renewal to remove the provision of the Executive Automobile Allowance.